

7

ANNUAL REPORT

OF

THE MANAGERS

OF THE

UNION CANAL COMPANY OF PENNSYLVANIA,

TO

THE STOCKHOLDERS,

FEBRUARY 2, 1858.

PHILADELPHIA:

JOHN C. CLARK & SON, PRINTERS, 230 DOCK STREET.

1858.

OFFICERS.

PRESIDENT.

R. RUNDLE SMITH.

MANAGERS.

ROBERT B. DAVIDSON,
DAVID LAPSLEY,
BENJ. T. CURTIS,
DR. J. RODMAN PAUL,
DANIEL HADDOCK, JR.
THOMAS WILLIAMSON,

HERMAN COPE,
W. R. WHITE,
JAMES B. M'FARLAND,
ISAIAH HACKER,
JAMES N. STONE,
C. W. TROTTER,

SECRETARY AND TREASURER.

OSCAR THOMPSON.

R E P O R T.

*To the Stockholders of the
Union Canal Company of Pennsylvania.*

IN presenting the Annual Report of “the receipts and expenditures, during the past year, and such other matters as they believe will be of interest,” the Board of Managers are obliged to occupy more time this year than they have ever before done in discharging this duty,

The past year has been a most eventful one in the history of the Company, and the details of it must necessarily occupy more space than usual. For, during that year, the completion of the entire enlargement has been effected—the Canal has been widened from end to end—and the struggle of many years to perfect the work, has been brought to a successful termination.

When the Canal was constructed, it was made of only half the capacity of the Schuylkill Navigation and the State works, of which it is the connecting link, and for more than ten years past the struggle has been to remove this radical error. Its removal is surely a cause for great congratulation, and whatever other difficulties may now embarrass the Company, those who have laboured so long to remove

this one, feel fully justified in claiming credit for this success. Any boat which can run on the State Canals, can now run on the Union Canal, and by the opening of navigation in the Spring all difficulty at the tunnel will have been obviated. The largest load of lumber can then pass through it with ease, and the bugbear of last season will have been removed.

The opening of the new work was advertised in nearly ninety newspapers in the State, to take place on the first of April, and up to that date every thing looked promising. The water was let into the whole Canal, and navigation commenced on the old work on that day; but about two miles of entirely new Canal at the east end of the summit proved so defective that the water had to be drawn off again; and though some of the through boats reached Reading April 14, it was not until May 19, that boats were reported to be passing freely throughout the whole work.

Up to the middle of August, however, more or less difficulty was experienced each week in maintaining the full depth of water in that piece of new Canal; but since then, this difficulty seems to have been removed, and each month diminishes the chance of its ever being renewed.

During the month of August, all through trade was interrupted for twenty days by two breaches, one of them (the most serious) occurring on the Branch Canal near Jonestown, cutting off all supplies of water to the water works, and the other near the Cross Keys, on the new work, caused by a defective culvert. From this time up to November 26th, when the ice was three inches thick on the Basin at Middletown, the navigation remained uninterrupted; but

during the entire year little over four months of uninterrupted navigation was afforded to the through trade; and of this nearly one half was during the severity of the money panic, which paralyzed all trade, and affected carrying companies quite as seriously as any others.

Up to September 3d, the receipts from tolls were \$100,306, and with the Canal in good navigable order, as it had become then and continued to be until the close of navigation, the receipts for the remainder of the year should have been as much more. The estimate of the committee of creditors at what was then considered a very moderate computation, made it \$61,506, but the almost entire cessation of trade which ensued during the fall, reduce it to \$28,000; the weekly receipts which had averaged up to that time over \$5000, falling to less than \$2000.

The disastrous opening of the new work in the Spring, and the delay to boats caused by it, had prejudiced the boatmen against the Canal, and it soon became currently reported on the State Canals, that it took a boat four weeks by the Union and Schuylkill route to Philadelphia, while it took only four days by the Bay route. This report deterred other boatmen from entering our Canal, and just as the prejudice was beginning to be removed, and the Company were looking for a large increase of trade, an utter prostration of business took place, and put an end to all prospects for the year.

It having been asserted that the work was a failure, and could never secure the through trade, the Board of Managers have deemed it right to dwell at length on this subject.

The amount of preferred eight and ten per cent.

stock, outstanding May 1st last, when the privilege of converting it into bonds ceased, under the resolution passed at the last annual meeting, was:—

Eight per cent.	64 shares, at \$50,	\$3200
Ten per cent.	4 „ „	200
	—	—
	68 „ „	Total, \$3400

Besides which, the capital stock consists of:—

Preferred 6 per cent. stock,	28,004 shares, at \$50,	\$1,400,200
Common stock,	26,897 „ „	1,344,850
	—	—
Making a total of	54,901 „ „	\$2,745,050

The amount of bonds which have been issued to bona fide holders, and upon which interest is payable, is \$2,245,000

Besides which there have been issued as collateral for a portion of the floating debt, 255,000

Making the entire amount of bonds, \$2,500,000

The interest on these bonds falling due November 1, 1856, and May 1, 1857, amounting to \$127,320 the Board of Managers found they would not be able to pay, and carry on the enlargement of the Canal to its completion. The work was then three-fourths done, and the failure to finish it would have been disastrous to all concerned, as no navigation could be afforded, and no revenue received, until it was completed, and the water again let into it. An arrangement was therefore made with a number of gentlemen largely interested in the work, by which they agreed to pay this interest, furnish sufficient

funds to complete the work, and hold the coupons and other securities until November 1st last; and they are willing to extend this time now until May 1, 1860, in accordance with the plan proposed to all the creditors of the Company.

The interest falling due November 1st last, the Company has not yet been able to make any arrangement for; but all holders of bonds have been asked to withhold their demands for interest until May 1st, 1860, and in lieu of receiving the amount of their coupons, to receive the interest on them until the finances of the Company enable them to redeem them. At a general meeting of the Bondholders convened on December 1st, it was unanimously agreed that this proposition be acceded to by the Bondholders, provided that in the formation of the Board of Directors the Company elect and admit four persons, "pure Bondholders," and largely interested in said bonds; and provided also, that the Company permit a committee of three to be appointed by the Bondholders to audit their accounts, at least twice a year, for the purpose of ascertaining whether the receipts are applied in the manner proposed.

Since then, the holders of more than \$1,200,000 of these bonds have signified, in writing, their approval of the proposition; many more have stated it verbally; and strong hopes are entertained that a very large majority of the Bondholders will soon agree to it; though a small proportion of them have positively refused to do so, and seem determined to embarrass the Company in all its efforts to pay its debts.

In connection with this matter, the Board would suggest to the Stockholders the passage of a resolu-

tion, allowing a committee of three Bondholders to audit the accounts of the Company on the first Monday of June and December in each year, until the resumption of the payment of the coupons in cash; and also that in electing a Board of Managers, four of those voted for should be designated on the ticket as Bondholders not interested in the stock.

The number of permits granted to boats navigating the Canal during the year, was 8805, of which 388 were granted under the agreement with the Schuylkill Navigation, to boats using both works.

The total amount of tonnage which passed over the Canal during 1857, was 271,387 tons of 2000 lbs. (all the accounts being now kept in nett tons,)

While during 1856, it was 247,307 ,, 2240 ,,
Showing a decrease of over 5000 tons.

This decrease is in coal and ore, and nearly all taking place after the commencement of the crisis which caused so many furnaces to go out of blast.

The decrease in coal and ore amounts to 42,000 tons,
While the increase in lumber, shingles,
bituminous coal, grain, groceries,
and merchandise (articles of through
trade), amounts to - - 36,500 ,,

Leaving an actual decrease of about 5500 ,,

The amount of coal carried over the rail road to Pine Grove, during 1857,
was - - 187,660 tons of 2000 lbs.
While during 1856, the
amount was - 175,145 ,, 2240 ,,

Shownig a decrease of about 8500 tons in the amount carried over the road: and the amount shipped on the Canal has decreased 7760 tons.

The ordinary receipts during 1857,	
have been - - -	\$131,022 73
Less 20 per cent. allowed Sch. Nav.	
Co. under agreement,	\$2998 74
Less amount yet unsettled	
by do. do.	1244 45
Drawbacks allowed at Pine	
Grove, - -	471 77
	<hr/> 4,714 96

Leaving the amount received for tolls,	126,307 77
The amount received for tolls in 1856	
having been - -	107,844 43

The increase during 1857 has been \$18,463 34 with a decrease in tonnage of over 5000 tons.

This shows that the enlargement has had the effect of increasing the receipts, although the tonnage has not increased, by enabling the Canal to receive a class of tonnage which pays a higher rate of toll than the way trade has been doing.

In addition to the amount received from	
tolls, - -	\$126,307 77
There have also been received from—	
Rents of landings, &c.	\$585 00
Sales of old materials,	28 06
Balance from sale of steamboat,	618 69
	<hr/> 1,231 75

Making total receipts (nett) for 1857, \$127,539 52

Brought over, \$127,539 52

The expenditures during the year have been—

Ordinary, including therein the usual repairs to canal and rail road, officers' salaries, locktenders' wages, and current expenses, \$56,292 22

Extraordinary, being reconstruction of tunnel feeder, construction of flumes, spills and culverts, raising bridges on new work, engineering expenses and remedying defects in six levels, &c. 24,861 04

Real Estate purchased, being a mill, &c., near Stouchburg and Myers-town, - - 2,888 00

————— 84,041 26

Leaving a balance from income of \$43,498 26

This balance was expended in the payment of interest, &c. on floating debt, 39,276 55

Balance of interest on contractor's notes, 3,205 50

————— 42,482 05

All payments of interest ceased after the failure of the Company to meet its floating debt.

The floating debt of the Company, upon which default was made September 4th last, has been already so fully explained to the Stockholders at their various meetings held since then, that it is not con-

sidered necessary to occupy more time here in explaining it.

In order to guard against any one creditor obtaining an undue preference over another, by bringing suit and obtaining judgment, the Stockholders, at their meeting held October 15th last, authorized the Board of Managers to execute and deliver to three Trustees a mortgage upon the franchises, tolls, income and property of the Company, to secure the payment of its debts, and, if considered necessary to prevent dissenting creditors from obtaining a preference over others, to surrender possession of all the estate and property, of every nature whatsoever, to said Trustees.

Under the power thus given, a mortgage or deed of trust was executed October 28th, and a surrender of all the personal property made under it December 8th, to the Trustees, for the purpose of paying the debts of the Company.

All the creditors of the Company have been asked to give an extension of time for the payment of its liabilities, and more than two-thirds of the holders of the floating debt, and one-half of the holders of the bonds, have signified their willingness to accede to the proposition.

The Board of Managers are fully satisfied of the wisdom of this course, and, though not originating with themselves, but with the committee of the creditors, have unanimously adopted the plan so suggested, as the only feasible one for relieving the Company from its embarrassments.

Though some of the Bondholders, and some of the holders of the floating debt, seem very averse to acquiescing in it, the Board of Managers, with a

sincere desire to pay all the debts of the Company, and in so doing to protect the just rights of all, feel constrained to state, that in their judgment there is no other plan as equitable and feasible, and which has come under their notice, as the one now adopted by them.

The usual report of the Treasurer, and table of tonnage passing over the work, are hereto annexed.

All of which is respectfully submitted.

By order of the Board of Managers.

R. RUNDLE SMITH,

President, &c.

Philadelphia, Feb. 2, 1858.

Statement of the Current Receipts and Expenditures of The Union Canal Company, from Jan. 1, 1857, to Jan. 1, 1858.

TOLLS,		\$131,022 73	ORDINARY EXPENDITURES—		
Less 20 per ct. to SCHUYLKILL			Repairs to Canal and Rail Road, salaries		
NAVIGATION Co. \$2998 74			of officers, collectors, superintendents,		
” unsettled Tolls,			and lock-keepers, current expenses, &c.		\$56,292 22
S. N. Co. 1244 45					
Drawbacks, 471 77		4,714 96	EXTRAORDINARY EXPENSES—		
			Reconstruction of tunnel feeder, construc-		
			tion of flumes, spills, culverts, raising		
			bridges, engineering expenses, and re-		
			medying defects on new work, and		
			breach at Mish’s mills, - - -		24,861 04
RENTS,		\$126,307 77			
		585 00			
OLD MATERIALS,		28 06	REAL ESTATE—		
			Property near Stouchburg, \$2088 00		
STEAMBOAT, balance,		618 69	Do. Meyerstown, 800 00		2,888 00
			INTEREST—		
			Interest and commission on the floating		
			debt, up to Sept. 4th, \$39,276 55		
			Balance of interest on Con-		
			tractors’ Notes to Sept. 4th, 3,205 50		42,482 05
					1,016 21
			Balance, - - -		
					\$127,539 52

January 1, 1858. OSCAR THOMPSON, Treasurer.

*Comparative Statement of the Business of the Union Canal
from its opening to the present time.*

Years.	Tons.	Tolls received.	Average rate per ton. Cts. Mills.
1828	18,124	\$15,512	85 5
1829	20,522	16,676	81 3
1830	41,094	35,133	85 5
1831	59,970	59,137	98 6
1832	47,645	59,061	1 23 9
1833	85,876	103,462	1 20 5
1834	84,536	119,870	1 41 8
1835	118,978	135,254	1 13 7
1836	117,136	133,025	1 13 6
1837	110,032	107,590	97 8
1838	126,870	123,575	97 4
1839	138,568	135,163	97 5
1840	115,292	110,855	96 1
1841	83,624	66,601	79 7
1842	83,106	57,477	69 2
1843	76,959	53,538	68 2
1844	79,871	56,580	70 8
1845	102,593	60,036	58 5
1846	114,920	62,682	54 5
1847	139,256	91,356	65 6
1848*	153,222	95,953	62 6
1849	148,332	86,800	58 5
1850	128,438	76,269	59 4
1851†	45,768	17,319	38 8
1852	152,143	84,056	55 2
1853	195,011	105,871	54 3
1854	172,696	98,787	57 2
1855‡	151,571	72,915	48 1
1856‡	247,307	107,844	43 6
1857	271,387	131,022	48 2

The Pine Grove Coal Trade.

Years.	Tons.	Years.	Tons.	Years.	Tons.
1833	3,500	1842	32,500	1850	62,866
1834	6,911	1843	22,000	1851†	
1835	14,000	1844	29,000	1852	56,450
1836	12,000	1845	35,000	1853	64,939
1837	17,000	1846	55,500	1854	43,614
1838	15,000	1847	60,499	1855‡	43,231
1839	20,885	1848*	64,686	1856‡	79,965
1840	20,500	1849	72,156	1857	71,300
1841	19,500				

*From November 1, 1847, to January 1, 1849, fourteen months.

† Open only from Lebanon to Reading, during enlargement of western division.

‡ Open only from Lebanon to Middletown, during enlargement of eastern division.

*Statement of Tonnage which passed the Union Canal from
January 1, 1857, to January 1, 1858.*

Anthracite Coal,	-	-	-	-	-	88,970
Iron Ore,	-	-	-	-	-	82,265
Iron,	-	-	-	-	-	24,973
Lumber,	-	-	-	-	-	17,490
Limestone,	-	-	-	-	-	17,012
Bituminous Coal,	-	-	-	-	-	10,103
Grain,	-	-	-	-	-	9,304
Flour,	-	-	-	-	-	2,987
Shingles,	-	-	-	-	-	2,554
Cordwood,	-	-	-	-	-	2,227
Rail Road Sills,	-	-	-	-	-	1,780
Lime,	-	-	-	-	-	1,172
Groceries,	-	-	-	-	-	1,136
Salt, -	-	-	-	-	-	1,076
Merchandise,	-	-	-	-	-	1,051
Plaster,	-	-	-	-	-	833
Lath,	-	-	-	-	-	416
Fish,	-	-	-	-	-	352
Staves,	-	-	-	-	-	282
Whiskey,	-	-	-	-	-	275
Hardware,	-	-	-	-	-	146
Copper Ore,	-	-	-	-	-	117
Bark,	-	-	-	-	-	38
Sundries,	-	-	-	-	-	4,828
Total tonnage,						<u>271,387</u>

*Statement of the Quantity of Coal sent to Pine Grove, from
January 1, 1857, to January 1, 1858.*

Coal transported over The Union Rail Road, from the mines to Pine Grove, during 1857,	-	-	187,660
Coal shipped from Pine Grove on the Canal (of which 6006 passed out at Portsmouth), during 1857,	-	-	71,300


 *All the foregoing tonnage is in nett tons.*

Table with 2 columns: Name, Address. The text is extremely faint and illegible.

Handwritten notes at the bottom of the page, including a signature and date.